INFORMATION ABOUT YOUR MORTGAGE.

HALIFAX

WELCOME TO YOUR GUIDE TO HALIFAX MORTGAGES.

Please read this booklet alongside your mortgage conditions and offer letter. It explains our most often used policies and procedures. These can change from time to time.

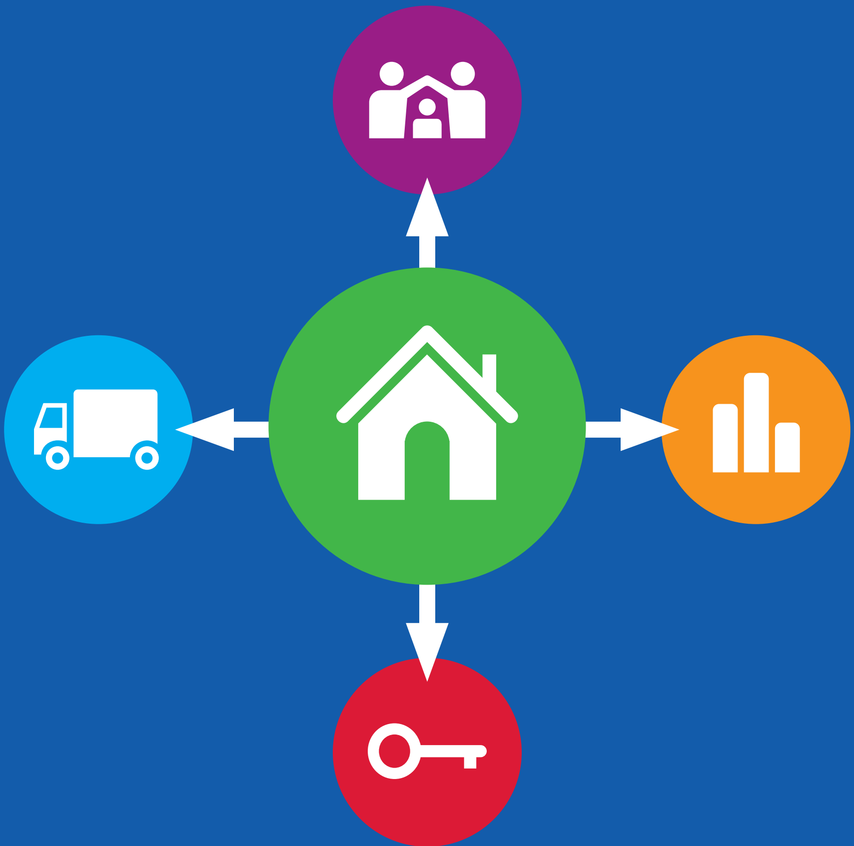
The booklet does not try to explain all our mortgage conditions, policies and procedures nor does it replace the mortgage conditions or your offer letter.

Fold back this page to see a brief summary of key mortgage features.

YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

KEY MORTGAGE FEATURES AT A GLANCE.

	Key feature	Look this up
Mortgage product	• This is what we call the type of mortgage interest rate you have, which we also call the product rate. The product includes: – whether your rate is fixed or variable; – when the rate will end; – whether we make a charge for early repayment.	
Remortgage	• You already own a property, you have a loan with another lender and you want to change lender. • You want to add a new person or remove someone already named on your current mortgage.	
Product transfer	• You have a loan with us and want to transfer part or all of it to a new mortgage product.	Product transfer, **page 31**
Additional borrowing	• You have a loan with us and want to borrow more money.	Additional borrowing, **page 30**
Repayment methods	• Your mortgage could be a repayment mortgage, an interest-only mortgage or a combination of the two.	Changing the repayment method, **page 26-28**
Repayment mortgage	• Every month, your payments pay off the interest charges as well as part of the amount you owe. • In the early years, the amount you owe won't go down as much because your monthly payments will be mainly interest.	Changing the repayment method, **page 26-28**
Interest-only mortgage	• You pay only interest charges during the term of your mortgage. This means the amount you owe won't go down. • You must have a repayment plan in place to pay off everything you owe at the end of the mortgage term. • From time to time we may ask you to show us that your plans are on track to provide the lump-sum you need at the end of the mortgage term. • If we are concerned that your plans may not provide enough to repay the loan at the end of the term, we will try to discuss other solutions with you. These may include transferring part or all of your loan to a repayment mortgage.	Changing the repayment method, **page 26-28**
Regular and lump-sum overpayment	• A regular overpayment is where you choose to pay more each month with your monthly payment. • A lump-sum overpayment is a one-off overpayment that is extra to your monthly payment. • The payments are subject to any early repayment charges set out in your offer letter. • Currently, as a concession, in each calendar year you can repay up to 10% of the amount owed at 1st January without having to pay an early repayment charge. • If the total of your regular and lump-sum overpayments exceeds the 10% allowance, you may have to pay an early repayment charge.	Regular and lump-sum overpayments, **page 21** and **page 22**
Underpayment	• Underpayments mean you pay less than your monthly payment. • You can underpay by up to the total amount of all your previous overpayments, unless we have already used them to reduce your mortgage term or your monthly payment.	Underpayments, **page 23**
Payment holiday	• You take an agreed break from paying part or all of your monthly payment. • We do not always approve requests for payment holidays. • Our payment holiday policy changes from time to time, so it's always worth checking our current policy rules.	Payment holidays, **page 24**
Early repayment charge	• A charge we make if you repay part or all of your mortgage early or if we agree you can change your product. • Details of early repayment charges you may have to pay are set out in your Mortgage Illustration and offer letter.	Early repayment charges, **page 17**
Taking your product rate to a new mortgage	• To avoid paying an early repayment charge when moving home, you may be able to take your product rate and the early repayment charge with you to your new mortgage. • You must meet all our latest lending policy rules at the time you apply.	Taking your product rate to a new mortgage, **page 19**
If you start your new mortgage before you repay your existing mortgage	• If you already have a mortgage with us but you can't repay it when you complete your new mortgage, you must get our permission before you can keep two mortgages with us. • You may be able to take your product rate with you to your new mortgage but if you do, you won't be able to keep it on your existing mortgage.	Taking your product rate to a new mortgage, **page 20**
If you repay your existing mortgage before you apply for a new mortgage	• You will have to pay the early repayment charge on your existing mortgage. • Currently, as a concession, if you apply for a new mortgage with us within three months of repaying your existing mortgage, you can take your old product rate with you. Once your new mortgage has started, you can apply for a refund of the early repayment charge.	Taking your product rate to a new mortgage, **page 20**
Your first monthly payment	• We'll collect your first payment by direct debit in the month after your mortgage starts. • The first payment is usually higher than the rest of your monthly payments. This is because it includes interest charges from the day we issue the loan money to the end of the month, plus the first full monthly payment. • We may collect it on a different day of the month to the one you have chosen as your monthly payment day.	When the mortgage starts, **page 8**
Interest charges	• We charge interest on the loan on the day we release the money and each day until you repay the mortgage. • Your payments will reduce what you owe us (and what we charge interest on) from the day we receive the money. • If you increase the amount you owe, we'll charge interest on the increased loan immediately.	When the mortgage starts, **page 8** Underpayments, **page 23** Lump-sum overpayments, **page 22** Regular overpayments, **page 21** Payment holidays, **page 24** Additional borrowing, **page 30**
Allocating your payments	• We'll reduce each part of your loan in the same proportions as we apply your full monthly payment to those parts. • You can ask us to use your regular and lump-sum overpayments to reduce a specific part of your loan.	Mortgages in different parts, **page 9** Lump-sum overpayments, **page 22** Regular overpayments, **page 21**
Letting your property	• You must not let your property to tenants without first getting our permission. • If we give you our permission, we may make an annual charge which will be applied to your account every year while you continue to let the property.	Letting your property, **page 31**



INTRODUCTION.

This booklet is in two parts. The first part guides you through the process of buying a property, from getting your mortgage offer to the start of the mortgage. The second part explains how your account works and how to change your mortgage in the future.

To help you find the parts that are most relevant to you, we've used a simple key.

Choose the coloured house from the key that fits your mortgage needs – for example, house, if you are buying a property – and then use the contents table, on the page opposite, to see where to find the information you'll need. As you go through the booklet, the coloured houses on each page will act as a handy guide.

THE KEY.

New mortgage (first-time buyer and moving home)

Remortgaging

Additional borrowing

Making changes

For simplicity, whenever the booklet refers to 'conveyancer', we mean a 'licensed conveyancer' or a 'solicitor'.

Contents

FROM MORTGAGE OFFER TO THE START OF YOUR MORTGAGE.

PART

1

This part guides you through the stages from our mortgage offer to the start of your mortgage. It may not tell you everything you need to know and does not replace the expert advice you can get from your conveyancer. Please ask your conveyancer for help if there's anything you don't understand about buying your property or about the loan you are taking out. We include a list of our charges and standard costs, and a checklist for when you move home.

NEXT STEPS TO BUYING A PROPERTY.

The guide below shows in detail the next steps to buying a property. To follow the guide, read down the columns.

Making you a mortgage offer	From mortgage offer to when you sign your contract – what your conveyancer will do	From signing the contract to the start of the mortgage
Take time to read your mortgage offer and conditions because they are really important.	Check your mortgage offer and what we have asked them to do.	You should set up your buildings insurance cover now.
Ask your conveyancer to explain anything in the mortgage offer and conditions that you don't understand. You will need to advise your conveyancer when you want to complete the purchase.	Agree the contract with the seller's conveyancer.	Your conveyancer will ask us for the loan money.
Get several quotes for buildings and contents insurance and decide which one you're going to accept.	Check with you what fixtures and fittings you agreed will be part of the purchase price.	If you have an existing mortgage to repay, your conveyancer will ask your current lender to provide the amount needed to repay your mortgage. Your conveyancer will send the lender the balance on the day of completion.
If you want life or critical illness insurance cover to help protect your dependants financially if anything happens to you, get quotes now.	Carry out searches on the property (e.g. at the Land Registry/Registers of Scotland).	You can now start to make removal arrangements.
	Ask you to sign the contract to buy the property.	Your conveyancer will make final checks at the Land Registry/ Registers of Scotland.
	Ask you to pay them your deposit. They will then exchange contracts (conclude missives in Scotland) with the seller's conveyancer and agree a completion date.	On the day of completion/ settlement, your conveyancer will send the purchase money to the seller's conveyancer. You will be able to pick up the keys to your new property.
		We'll send a letter to tell you the mortgage has started.

NEXT STEPS TO REMORTGAGING.

The guide below shows in detail the next steps to remortgaging. To follow the guide, read down the columns.

Making you a mortgage offer	From mortgage offer to the start of the mortgage – what your conveyancer will do	At the start of the mortgage
Take time to read your mortgage offer and conditions because they are really important.	Check your mortgage offer and what we have asked them to do.	We'll send you a letter to tell you the mortgage has started.
You will need to advise your conveyancer when you are ready to proceed.	Carry out Land Registry/ Registers of Scotland searches on the property.	
	Your conveyancer will ask us for the loan money.	
	Your conveyancer will ask your current lender what you still owe on your mortgage. They will send this amount to the lender on the day of completion.	
	Your conveyancer will make final checks at the Land Registry/ Registers of Scotland.	

CHANGING YOUR MORTGAGE OFFER.

Things don't always go to plan and sometimes the unexpected happens. If things change, you need to tell us so we can help.

What if my personal circumstances have changed?

Tell us if any of the personal information you gave when you applied for your mortgage has changed. For example, we need to know about changes in your employment, your address or your financial circumstances. All these things may affect our ability to give you part or all of the loan you have asked for.

What if the property's purchase price has changed?

If the purchase price drops, we may not be able to lend you as much as you first wanted. This is because we ask you to put down a minimum deposit.

If the purchase price rises, you may need to borrow a little more. When this happens, we'll check you can afford the increased monthly payments. If you can, and we think the property's value will allow it, we can increase the loan amount.

If there are any changes to your mortgage application after we have made you a mortgage offer, you will need to speak to your mortgage adviser again. You won't be able to complete the purchase of your new property until we have confirmed we can make you a new mortgage offer.

What if my house purchase falls through and I have to look for another property to buy?

If your house purchase falls through and you want to look for another property, you will need to contact your mortgage adviser. You may be able to keep the mortgage deal you have arranged on the old property and transfer it to the new property. You will need to pay for a valuation on the new property. However, if the valuation surveyor is happy with the new property's condition and if the information we get from the credit reference agency hasn't changed, we can usually offer you a loan without restarting the whole process.

CONTRACT TO BUY AND SELL.

When you agree to buy or sell a property, you enter into a contract with the other people you have agreed to buy from or sell to. Once the contract terms have been agreed, each party to it signs a copy and agrees a completion date, and the contracts are exchanged – in Scotland this is known as the conclusion of missives. Your conveyancer will take care of this and check that all the legal conditions are met.

Before exchange of contracts

At any time before exchange of contracts the seller or the buyer can change their mind, normally without having to make a payment to the other:

- The seller can accept a higher offer from somebody else – called gazumping.
- The buyer can withdraw the original offer and make a lower one – called gazundering.

Before exchange of contracts the seller's conveyancer will usually:

- obtain details of the seller's legal title to the property;
- ask the seller to fill in a Property Information Form and a Fittings and Contents form. These forms collect information about the property and what is included in the purchase price;
- agree the content of the contract of sale with your conveyancer;
- answer any questions raised by your conveyancer; and
- ask the seller to sign one of the contracts.

Before exchange of contracts, your conveyancer will usually:

- read the documents sent by the seller's conveyancer;
- make a local search and a drainage search. They may also do other searches depending on where the property is, for example environmental or mining searches – in Scotland this is done by the seller's conveyancer;
- ask the seller's conveyancer any necessary questions;
- receive a copy of your offer letter from us and any formal instructions about acting for us; and
- report to you and ask you to sign a copy of the contract.

On exchange of contracts

On exchange of contracts you have to pay a deposit. Normally this is 10% of the purchase price, but your conveyancer may be able to negotiate a lower amount.

If a buyer or seller backs out of the sale after exchanging contracts, they are breaking a legally binding agreement. They will almost always have to pay the other person compensation.

You should contact your chosen buildings insurance provider and ask them to start cover as soon as you have exchanged contracts.

After exchange of contracts

Between exchange of contracts and the completion day, your conveyancer will usually do the following:

- Make searches at the Land Registry to make sure nothing new has come to light since the seller's conveyancer got the original copy of the property registry entries – in Scotland, the seller's conveyancer will do this.
- Contact your current lender (if any) and ask how much is still owing on your existing mortgage.
- Ask you to sign a transfer document, a land transaction return, the mortgage deed (Standard Security in Scotland) and any other documents we need you to sign.
- Ask us to send the loan money ready for the conveyancer to send it to the seller's conveyancer on completion day.
- Ask you for any remaining money needed to buy the property.

WHEN THE MORTGAGE STARTS.

What will my conveyancer do?

On completion day, your conveyancer will pay the seller's conveyancer the balance of the purchase price. Ownership of the property is transferred to you and you become entitled to have the keys.

The seller's conveyancer will pay off the seller's mortgage and send your conveyancer the transfer document and any other relevant documents, for example property guarantees. Your conveyancer will then register your ownership and the mortgage at the Land Registry/Registers of Scotland and pay any Stamp Duty Land Tax/Land and Buildings Transaction Tax (properties in Scotland).

If you have an existing loan that must be repaid, your conveyancer will send the money to your current lender and that loan will end.

What will you do?

We set up your new account and start charging you interest from the day we release the loan money. This usually means your first monthly payment is higher than the rest of your monthly payments.

How do you calculate my first payment?

Your first monthly payment is made up of interest charges from the day we release the loan to the end of the month, plus your first monthly mortgage payment. For example:

Loan	How we calculate June interest	£ First payment in July	
Repayment loan of £60,000 Interest rate: 5.49% fixed Money issued on: 25th June	$\frac{60{,}000 \times 5.49\% \times 6 \text{ days (25th – 30th June)}}{365 \text{ days*}} = £54.15$	54.15 366.47	June interest July monthly payment
		420.62	Total payment

*366 days in a leap year. The accounting year runs from the 1st February to the 31st January. When the 29th of February falls within this period we will calculate your payment for the whole accounting year using 366 days. For example: The year 2020 is a leap year, and there are 29 days in February 2020. Your interest charges from the 1st February 2020 to the 31st January 2021 will be calculated using 366 days.

If your account number starts with 95, your accounting year runs from the 1st October to the 30th September. When the 29th of February falls within this period we will calculate your payment for the whole accounting year using 366 days. For example: The year 2020 is a leap year, and there are 29 days in February 2020. Your interest charges from the 1st October 2019 to the 30th September 2020 will be calculated using 366 days.

When will you collect my first payment?

We always collect your first payment in the month after your mortgage starts. For example, if we release your loan in June, we'll collect your first payment in July.

When you applied for your mortgage, we asked you what day of the month you wanted to make your monthly payment. We'll collect your first payment on the day you choose, except where there are fewer than four bank working days between when we release your loan and your chosen payment date. If this happens, we'll collect your first payment on the 10th of the month.

EXAMPLE 1:

Monthly payment date you choose is the 25th of the month.

We release the loan on 25th June.

We collect your first payment on 25th July.

EXAMPLE 2:

Monthly payment date you choose is the 1st of the month.

We release the loan on 28th June.

We collect your first payment on 10th July.

When will you tell me about this?

On the first working day after we release the money, we'll write to tell you when we'll collect your first and subsequent monthly payments, and which bank account we'll collect them from.

The letter will also give a summary of other information we agreed with you when you applied for your mortgage, such as whether it's an interest-only mortgage, a repayment mortgage or a combination of the two. If your mortgage account is made up of different parts, the letter will also explain:

- how we have set these up; and
- how the monthly payments on each part make up the total monthly payment we'll collect from your bank account.

Variable interest rate(s) can change. We will not notify you of any change in rate(s) between the date of the offer and the date you take out the mortgage. We will confirm the rate(s) in the letter.

Mortgages in different parts

Different types of loans can have:

- Different repayment methods, for example they can be interest-only or repayment.
- Different types of interest rate, for example fixed or variable.
- Different mortgage terms, for example 15 or 25 years.

Sometimes your loan may be a combination of these and if so, we'll split your loan into different parts called sub-accounts.

RELEASING ANY MONEY WE HAVE KEPT BACK.

If we need to keep back some of the loan money because essential repairs need doing or because you are borrowing against a value that the valuation surveyor has estimated the property will be worth when improvements finish, then your offer letter will tell you what this amount is.

Usually we'll release the money to you after checking copies of invoices that show the work has been done. Occasionally, we'll want the valuation surveyor to revisit the property. Your offer letter will say if this is so. The surveyor will make a charge for this final inspection, which you will have to pay.

When we issue the loan money, we'll pay it into the account from which you make your monthly payments. We start charging interest on the money on the day we issue it. Please see the section 'When the mortgage starts' on page 8 for information about the first and subsequent monthly payments.

Self-build mortgages

We usually release self-build mortgages in five instalments, as the work progresses. You apply for an instalment at the end of each stage. We ask a valuation surveyor to value the property each time you ask for an instalment. You must provide a copy of the final inspection report and completion certificate and complete the build within 2 years of the first release of funds.

CHARGES AND STANDARD COSTS.

The following tables show our standard costs and some charges. These can change from time to time, but if they do we'll let you know each year.

After you start the mortgage, you may wish to make changes and there may be charges for doing so. We'll tell you of any charges in advance, so you will have agreed to them before they become payable. **We have not included all the charges you may have to pay, for example a product fee.** These will be shown in your Mortgage Illustration and offer letter.

For more about charges and costs, please read Chapter 3 of our Mortgage Conditions.

Correct as at July 2017.

Standard costs	Amount
Re-inspection fee – If your mortgage is released in stages and you're using it to renovate your home, this covers the new valuation we need to do after the work's carried out.	£70
If you get into financial difficulties, you may start incurring additional costs. At that time, we'll tell you the full details of these costs and when they may apply. The following are the standard costs that may apply:	
Arrears management fee – We may charge you an arrears management fee each time we try to contact you. Arrears management fees reflect the extra work we have to do for customers in arrears and what that costs us.	£35
Litigation management fee – If we instruct solicitors to collect arrears or seek possession.	£100

You must also meet other additional costs we incur. These costs may include such things as the following work, which third parties may do on our behalf:

- Field Agent costs – a Field Agent is a third party who will make a visit to the property to discuss your financial circumstances on our behalf.
- Solicitor's costs – individual to each case.
- Court fees.
- Asset Managers costs – Asset Managers are third parties who will manage the marketing and sale of a repossessed property.

Charges	Amount
Consent to let – If you want to let your property but don't have a Buy to let mortgage, you may have to pay this for each 'consent to let' agreement, where we agree to you letting out your property for a set period within your existing owner-occupier mortgage.	The charge will be 0.5% of the outstanding mortgage balance at the time we give our consent.

CHECKLIST FOR MOVING HOME.

	Tick	Date
Get your completion date from your conveyancer.		
If you are renting, tell your landlord you will be moving out.		
When you exchange contracts, ask your property insurer to start cover.		
Get quotes for van hire.		
Give your moving date to the council and your gas, electricity, water and phone-line providers. Find out if you need to take any meter readings. Provide the readings as and when needed.		
Start packing non-essential items.		
Arrange for your post to be re-directed to your new address – you can do this at your post office or online.		
Ask the previous owners to show you where the gas, electricity and water meters are – and where you can find the fuse box and stop cocks.		
Make a list about everyone who needs to know about your move:		
• Electoral register		
• Bank and building societies		
• Insurance companies		
• HM Revenue & Customs		
• DVLA/vehicle insurance		
• TV licensing		
• Loan/credit card companies		
• Assurance providers		
• TV/Mobile/Phone-Line/Broadband provider		
• Employers/schools		

KEY MORTGAGE INFORMATION.

PART 2

This part explains in more detail some of the information in your mortgage offer. We call this 'Key mortgage information' and you can also read a summary of it on the inside front cover of this booklet – 'Key mortgage features at a glance'. This part also gives useful information about how your account works and what to do if you want to change your mortgage in the future.

PRODUCT INCENTIVES.

From time to time we may offer mortgage products that include incentives – these are special offers that make some products more attractive than others. Not all incentives are available to all customers and not all incentives are available all the time.

Some incentives require you to have another product with us, for example your main current account. If so, we'll say this in the section of your Mortgage Illustration headed 'Flexible features'.

The interest rate for products with incentives may sometimes be slightly higher than for products without incentives. So you need to consider whether the incentive available at the start of the mortgage is more important to you than the slightly lower interest rate you may get during the product rate period without the incentive.

Free purchase conveyancing

If we offer free purchase conveyancing as an incentive, we'll choose the conveyancer to deal with the basic legal work done on our behalf. If you would prefer to use your own conveyancer, you should not choose this incentive because we won't pay your conveyancer's legal costs.

What's included in free purchase conveyancing	What's not included in free purchase conveyancing
The basic legal fee for the purchase.	Fees for additional work outside the scope of a standard property purchase; for example, preparing a declaration of trust to set out the different interests of the property's co-owners.
The fee for the basic legal work done on our behalf.	Administration for Stamp Duty Land Tax/Land and Buildings Transaction Tax (properties in Scotland) or the tax itself.
Any leasehold supplements (but not any landlord's (lessor's) registration fee that may apply), for example, a fee to the landlord for registering the change in lease ownership.	Any money paid out, such as search fees.

Free remortgage conveyancing

If we offer free remortgage conveyancing as an incentive, we'll choose the conveyancer to deal with the basic legal work done on our behalf. If you would prefer to use your own conveyancer, for example if you want to add or remove a name on your mortgage account, you should not choose this incentive because we won't pay your conveyancer's legal costs.

What's included in free remortgage conveyancing	What's not included in free remortgage conveyancing
The fee for the basic legal work done on our behalf for a standard remortgage.	Any additional services not included in the basic legal work and any legal advice you want the conveyancer to provide. (If you are in Northern Ireland, you cannot ask our conveyancer for advice or additional services – you must instruct a different conveyancer.)

Cashbacks

If we offer a cashback as an incentive, your Mortgage Illustration and offer letter will set out how much it will be, how we'll send it to you and when we'll pay it. Sometimes, we offer a cashback as a reward for having another relationship with us, for example having a current account or savings account. If so, this will also be shown in your Mortgage Illustration and offer letter.

Interest cashback

If we offer a cashback of interest charges, your Mortgage Illustration and offer letter will say so. Cashback could be for one month or more.

To calculate the cashback we'll use the total amount you are borrowing and multiply it by the highest interest rate we'll charge you at the start of your mortgage. We calculate one month's interest based on 31 days. The example below shows how we do this. If our offer is for more than one month's interest, we calculate 31 days for each month. So, for example, we use 62 days to calculate two months' interest cashback. There may be a maximum to the amount of interest cashback we'll pay.

We'll write to let you know how much the cashback will be. We'll send the cashback to the bank account from which you have chosen to pay your monthly mortgage payment.

EXAMPLE:

Amount of loan – £80,000

£45,000 –
Interest rate of product 1 – 5.35%

£35,000 –
Interest rate of product 2 – 6.09%

$$\frac{80{,}000 \text{ x } 6.09\% \text{ x } 31 \text{ (days)}}{365 \text{ (days)}} = £413.79$$

EARLY REPAYMENT CHARGES.

What are they?

We offer different types of mortgage products with different interest rates. With some of these there may be a charge if you repay all or part of your loan within a certain period of time; we call these early repayment charges. Your Mortgage Illustration and offer letter give details of any early repayment charges that apply to you.

Why do we charge them?

We charge them because when setting up the funds to provide loans to customers, we expect them to keep the money for the time agreed at the outset. There is a cost to us if they repay some or all of the loan sooner. The charge compensates us for this cost.

When do we charge them?

We'll apply an early repayment charge if you repay the loan on which there is an early repayment charge before the end of the early repayment charge period set out in your Mortgage Illustration and offer letter. We'll base the charge on the amount you owe when you repay the loan, but it will never be more than the maximum charge we set out.

If you repay part of the loan on which an early repayment charge applies, we'll charge you a proportion of the early repayment charge due.

EXAMPLE:

Amount you owe:	£50,000
Percentage early repayment charge payable:	5%
Total early repayment charge payable:	£2,500
Amount you repay early:	£25,000
Total early repayment charge payable:	£1,250

We'll also apply an early repayment charge if we agree to transfer all or part of your loan to a new mortgage product during the early repayment charge period.

Are there any exceptions to this?

Yes. Currently, as a concession, in each calendar year you can make regular or lump-sum overpayments of up to 10% of the amount owed at 1st January without having to pay an early repayment charge.

If the total amount you overpay during the year exceeds 10%, we'll only charge you an early repayment charge on the proportion you overpay above 10%.

EXAMPLE:

Amount owed on 1st Jan:	£50,000
Total amount of regular/ lump-sum overpayments made between 1st Jan and 31st Dec:	£10,500
Less the amount of regular/ lump-sum overpayments where early repayment charges do not apply (10% of £50,000):	£5,000
Total amount of regular/ lump-sum overpayments where early repayment charges applied:	£5,500
Total early repayment charge payable (£5,500 x 5%):	£275

If your loan is divided into more than one part (see 'Mortgages in different parts', on page 9), our concession will apply to the amount owing on each part.

If you repay the loan in full within six months of making a regular or lump-sum overpayment, we'll require you to pay the full early repayment charge, including the portion we previously did not charge you.

Remember, we can change or withdraw our 10% early repayment charge concession, so if you decide you want to make regular or lump-sum overpayments, it's always a good idea to contact us and check if the policy has changed. We'll give at least three months' notice before withdrawing or reducing the concession.

If you are moving home and can take the product with the early repayment charge with you to a new mortgage, you won't have to pay the early repayment charge. (See 'Taking your product rate to a new mortgage', on page 19.)

TAKING YOUR PRODUCT RATE TO A NEW MORTGAGE.

It is sometimes possible to take a product rate with you to a new mortgage on a different property. Your Mortgage Illustration and offer letter will say if any of your product rates can be taken to a new mortgage.

If we say you can take your product rate to a new mortgage, this means taking a product and the early repayment charge with you to another mortgage with the same lender. If the lender has more than one brand (e.g. Halifax, Bank of Scotland), it means keeping your mortgage with the same brand.

You may be able to take the product and early repayment charge to the new mortgage for the amount you currently owe on that product. But if you are borrowing more, you will need to have a new product for the extra amount you borrow.

If you are borrowing less than the amount you owe on the product you are taking and the offer you have for your old mortgage says there is an early repayment charge, then you will have to pay an early repayment charge on the difference. (See 'Early repayment charges', on page 17.)

When will I not be able to take the product rate to a new mortgage?

You can only take your product rate to a new loan if your offer letter says so.

The product rate can only be taken to a new loan while the product rate period(s) applies. You cannot take your product rate once you are paying interest at the lender variable rate that applies to that part of your mortgage.

We'll decide whether to offer you a new mortgage based on our lending policies at the time you apply. If we don't offer you a new mortgage, you cannot take your product. Also, if you repay your existing mortgage, you will still have to pay early repayment charges.

What if I start my new mortgage before I repay my existing mortgage?

If you intend to sell your current property but you can't take out a new loan and repay your existing loan at the same time, you can ask permission to have two loans with us for a short time.

We'll agree to this if we think you can afford to pay the monthly payments on both loans. You may be able to take your existing product rate to the new loan. However, you will have to transfer your existing loan to the lender variable rate that applies to it until the sale is complete and you have fully repaid the loan.

This is a concession that may not always be available, so please ask about it when you apply for your new mortgage.

Other rules apply if you want to let your existing property (see the section 'Letting your property' on page 31).

What if I repay my existing mortgage before I apply for a new mortgage?

If you sell your property but are not yet ready to buy another, you will need to repay your existing mortgage. This means you will have to pay any early repayment charges that apply. However, if you apply for a new mortgage with us within three months of repaying your existing mortgage, you may be able to take your old product rate with you to your new mortgage. Once your new mortgage has started, you can apply to us for a refund of the early repayment charge.

This is a concession that may not always be available, so please ask about it before you sell your property.

REGULAR OVERPAYMENTS.

What are they?

Regular overpayments are amounts you pay that are extra to your monthly mortgage payments. They reduce the amount you owe on your mortgage. They also reduce the amount of interest we charge because we calculate interest on the reduced balance from the day we receive the overpayment.

Overpayments will not automatically reduce your mortgage term because whenever we recalculate your monthly payment, your overpayments go towards reducing your new payment.

You may want to make regular overpayments to pay off your loan sooner but don't want to ask us whether you can formally change the term of your mortgage agreement. If so, you will need to remember to review the amount of the monthly payment whenever we recalculate it and increase the amount of your regular overpayment.

How do I make regular overpayments?

You can make regular overpayments by increasing the amount of your monthly payment. You can do this by asking us to increase the monthly direct debit we collect from your bank account.

Will there be a charge for making a regular overpayment?

You may have to pay an early repayment charge if you are making an overpayment during an early repayment charge period. Your Mortgage Illustration and offer letter will tell you if early repayment charges apply and how long for. After the first year of your mortgage your annual statement will tell you this.

If we have an early repayment charge concession when you make your overpayment, you will pay an early repayment charge on only the part of the overpayment that exceeds our concession limit (see 'Early repayment charges', on page 17).

Bear in mind that if you make any lump-sum overpayments during the year, these will count towards our 10% early repayment charge concession.

LUMP-SUM OVERPAYMENTS.

What are they?

Lump-sum overpayments are when you pay off part of your loan using a one-off payment.

How do I make one?

You can call into your local branch or write to us enclosing a cheque. You need to tell us if you want us to use the money to reduce the monthly payments by keeping the mortgage term the same. If you would like to permanently reduce the remaining mortgage term, you will need to speak to a qualified mortgage adviser, who will discuss your needs and circumstances with you.

If you have an interest-only mortgage, you can ask us to reduce the mortgage term but only if you can show us that your repayment plan(s) to repay the loan at the end of the term will provide enough money to do so sooner.

Making a lump-sum overpayment will reduce the amount of interest you will pay us over the life of the mortgage because you are reducing the amount you owe. We'll stop charging you interest on the amount of the lump-sum overpayment on the day we receive the money.

Will there be a charge for making a lump-sum overpayment?

You may have to pay an early repayment charge if you make a lump-sum overpayment during an early repayment charge period. Your Mortgage Illustration and offer letter will tell you if early repayment charges apply and how long for. After the first year of your mortgage your annual statement will tell you this.

If we have an early repayment charge concession when you make your lump-sum overpayment, you will pay an early repayment charge on only the part of the lump-sum that exceeds our concession limit (see 'Early repayment charges', on page 17).

Remember: If you make regular overpayments during the year, these will count towards any early repayment charge concession.

Can I choose which part of my loan I repay?

Yes. You can tell us which part of your loan you want us to repay with your lump-sum. For example, you may want us to reduce the part we charge at the highest interest rate, or the part that does not have an early repayment charge on it.

If you don't tell us which part of your loan you want to repay, we'll reduce each part of your loan in the same proportions as we apply your full monthly payments.

EXAMPLE:

The total monthly payment is £600 and is split into two parts:

Part 1 is for £360
(60% of the monthly payment)

Part 2 is for £240
(40% of the monthly payment)

You make a lump-sum overpayment of £10,000:

Part 1 would receive £6,000
(60% of the lump-sum)

Part 2 would receive £4,000
(40% of the lump-sum).

For more about how we use overpayments, please read Chapter 6 of our Mortgage Conditions.

UNDERPAYMENTS.

What are they?

An underpayment is where you pay us less than your monthly payment. You are not allowed to make underpayments unless you have already made overpayments.

Whenever we recalculate your monthly mortgage payment, we use any overpayments you have made to reduce what you owe. Once we have done this, you will need to build up new overpayments before you can underpay again.

If I want to underpay, do I have to make arrangements with you?

Yes. You should contact us to arrange to underpay so that we can tell you the amount of overpayments available for you to use. We can then change your direct debit for the time you want to underpay.

PAYMENT HOLIDAYS.

What are they?

A payment holiday means you take a break from paying part or all of your monthly payment but you have not made any earlier overpayments against which you can underpay.

How do I get one?

To apply for a payment holiday, you must contact us. Payment holidays increase the amount you owe. This is why we have a payment holiday policy and we'll assess your application to see if you can meet all our policy requirements. We don't guarantee to agree a payment holiday.

What is the payment holiday policy?

Our payment holiday policy changes from time to time, so it's always worth checking our current rules. At the time of writing (July 2017) the rules were as follows:

- The amount you owe must not exceed 75% of our latest valuation of your property.
- The mortgage must have been in place for at least 12 months.
- The account must not have been in arrears in the last 12 months.
- The total number of payment holidays allowed throughout the mortgage term is six monthly payments and you can only take two of those months at any one time.
- You cannot apply for a payment holiday within three years of taking your previous one.
- Payment holidays are not available on Buy to let mortgages, shared ownership mortgages or on mortgages you have taken out on your home where you have later let the property.
- You cannot apply for additional borrowing during a payment holiday.
- You cannot apply for a payment holiday within six months of taking out additional borrowing.

MAKING CHANGES TO YOUR MORTGAGE.

At times we'll write to you about your mortgage and these include:

- sending a statement of your account each year;
- if we are changing your monthly payment, for example when variable interest rates change;
- when one or more of your mortgage products come to an end; and
- if we do not receive your monthly payment when we expect it.

You may also need to contact us, for example, if your circumstances change and you need to make a change to your mortgage.

Sometimes during the life of the mortgage you may want to make some changes to the terms we agreed at the start. For example, you may want to extend or reduce the mortgage term, change to a different mortgage product, or borrow more. This section explains how you can ask for a change and what will happen if we agree to it.

CHANGING YOUR MONTHLY PAYMENT DATE.

When you applied for your loan we asked you what day of each month you wanted to make your payment. The best day of the month to make your monthly payment is the 1st because we'll charge the least amount of interest for the month. However, if you need to change the day you pay your mortgage, we'll allow you to do this if it is no later than the 28th. Your monthly payment amount may rise or fall if you change the day.

How do I change my payment date?

You can ask us to change your payment date. We'll update your mortgage details and change the date we collect your future direct debits. This may not be in the month of your request.

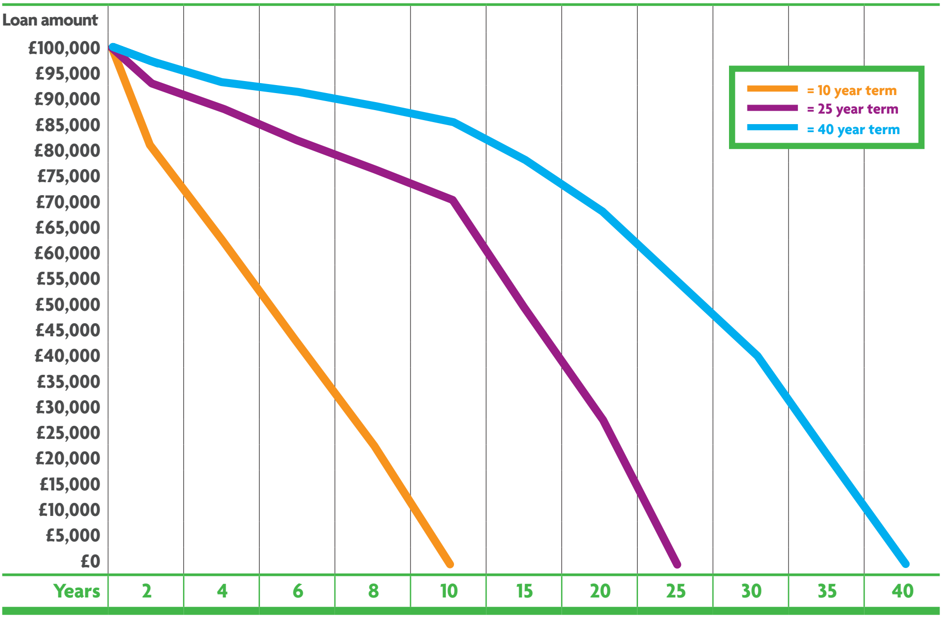
CHANGING THE REPAYMENT METHOD.

Your mortgage could be a repayment mortgage, an interest-only mortgage or a combination of the two. If your circumstances change, you can ask to switch from your current method of repayment to another.

How do I switch all or part of my mortgage to repayment?

You will need to speak to a qualified mortgage adviser and get our agreement to switch. Switching all or part of your mortgage from interest-only to repayment will mean your monthly payments will go up. This is because you will start repaying some of your loan balance as well as paying interest (see Figure 1 below).

Figure 1: Illustration of the effect of monthly payments on a £100,000 repayment loan over the mortgage term.



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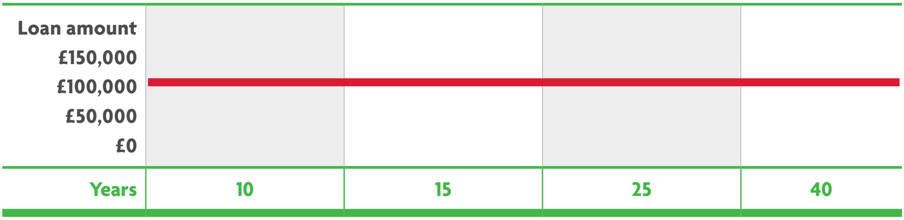
How do I switch all or part of my mortgage to interest-only?

You will need to speak to a qualified mortgage adviser and get our agreement to switch.

Switching all or part of your mortgage from repayment to interest-only will mean your monthly payments will go down. This is because you will be paying only interest – you will pay us nothing to reduce the loan balance. This means you will need to find a lump-sum at the end of the mortgage to repay the loan (see Figure 2, below).

Figure 2: Illustration of the effect of monthly payments on a £100,000 interest-only loan over the mortgage term.



With an interest-only mortgage, you will pay us more interest over the life of the mortgage than you would with a repayment mortgage. This is because you won't pay off any of the loan itself, so you will pay interest on the whole loan amount for the mortgage term.

Before we'll agree that you can switch to interest-only, we'll ask you to show us your plans for repaying the loan at the end of the mortgage term. We'll only agree to your switch if we think your plans are likely to be enough to repay your loan at the end of the term. We'll let you know when the switch has happened, what your new monthly payment will be and when we'll collect it.

From time to time, we may ask you to show us that your repayment plan(s) remains on track to repay the mortgage. If we think your plan may not be enough to repay everything you owe at the end of the term, we'll try to contact you to discuss new arrangements. These may include transferring part, or all, of your loan onto a repayment mortgage.

You are responsible for regularly checking that your plan remains on track. If your plan does not give you enough money to repay your mortgage at the end of the term, you may have to sell your property.

Interest-only mortgages are only available when the loan amount is less than 75% of the estimated value of your property. (Please note: these limits change from time to time but were correct at July 2017.)

What type of repayment plans can I use?

The table sets out the repayment plans we currently accept, which may change in the future.

Acceptable plan types	Information you must give us	Our assessment of acceptable values
Endowment policies (UK)	Copy of latest projection statement dated within the last 12 months.	Endowment companies will present three growth rates. We allow up to 100% of the projected amount using the middle figure.
Stocks and shares (UK)	Copy of share certificates, nominee account statement or confirmation from a recognised broker giving evidence of shareholdings and their valuation.	We'll accept up to 80% of the latest valuation of the stocks and shares, ISA, OEIC or investment bond (if the latest valuation is greater than £50,000).
Stocks and shares ISA (UK)	Copy of latest statement dated within the last 12 months.	As above.
Unit trusts, open-ended investment companies (OEICs) (UK)	Copy of latest statement dated within the last 12 months.	As above.
Investment bonds (UK)	Copy of latest statement dated within the last 12 months.	As above.
Pension (UK)	Copy of latest projection statement dated within the last 12 months.	For Money Purchase schemes: we can use a maximum of 15% of the projected value, if the latest projection value is greater than £400,000. For Final Salary schemes: we can use a maximum of 60% of the tax free lump-sum amount, provided the projection shows a minimum lump-sum available of £100,000.
Sale of second home (UK)	Property details, confirmation of ownership, evidence of the amount of any mortgage debt.	We'll check the property's ownership and assess its value. We'll deduct any amount you owe that is secured against the property and allow you to use up to 80% of the amount left over (if this is over £50,000).

CHANGING THE MORTGAGE TERM.

At any time you can ask to change the mortgage term from what we originally agreed with you.

This might be because:

- you think you can afford to pay more and would like to pay off your mortgage sooner;

  or

- you want to reduce your monthly payments by extending your mortgage term.

You will need to get our agreement to do this.

Extending your mortgage term will increase the amount of interest we charge because the loan will take longer to repay. This means the loan's total cost will be higher.

How do I do this?

You will need to speak to a qualified mortgage adviser. They will discuss your needs and circumstances with you. They will check whether you can afford the new monthly payment before recommending whether this change is right for you.

REPAYING YOUR MORTGAGE IN FULL.

You can repay your mortgage in full at any time, as long as you also pay any early repayment charges that apply.

How can I do this?

Ask us for the total amount needed to repay your mortgage. We'll ask you what date you want to repay your mortgage so we can give you an exact figure that includes all costs and charges up to that date.

You don't need to use a conveyancer to repay your mortgage if your property is in England and Wales or Northern Ireland as we will make arrangements to remove our charge at the Land Registry.

If your property is in Scotland you will need to instruct a solicitor to prepare discharge documents for the Registers of Scotland, which will enable our charge to be removed. If you are already using a conveyancer, perhaps because you are moving house, they will usually ask us for the amount needed to repay your mortgage and will deal with repaying it.

ADDING OR REMOVING A PERSON NAMED ON YOUR MORTGAGE ACCOUNT.

If you want to add or remove a name on your mortgage account, you will need to apply to us for a remortgage in the names of those who will be the new property owner(s). Currently you can apply over the phone and in branches. Your mortgage adviser will discuss your needs and circumstances and check whether you and anyone you are adding to the mortgage can afford the loan.

ADDITIONAL BORROWING.

What is additional borrowing?

When you have had your mortgage account with us for at least six months, you may ask to borrow more money against your property. We call this additional borrowing.

Many customers borrow more money to make repairs or improvements to their properties. Others want to borrow for things like a second home or perhaps to give to their children as a deposit for their own home.

How do I apply for additional borrowing?

You can apply over the phone and in branches. You will need to speak to a qualified mortgage adviser, who will discuss your needs and circumstances and check whether you can afford the new loan. Your mortgage adviser will recommend the most suitable mortgage available for you.

PRODUCT TRANSFER.

What is a product transfer?

When you take out your mortgage, you arrange to have a fixed or variable rate product for a period of time. At the end of this time, the product will end and your loan will usually be transferred to one of our lender variable rates. At this point, you may choose to move it to a new product for a further period of time.

Alternatively, your circumstances may change and you may think a different type of product is more suitable. For example, if you are on a variable rate and interest rates start going up, you may decide that moving to a fixed rate would be better.

How do I apply for a product transfer?

You can apply over the phone or in branch. You will need to speak to a qualified mortgage adviser who will discuss your needs and circumstances and check whether you can afford the repayments on the new rate. They will recommend the most suitable mortgage for you.

You may be able to apply online. If you do this, you will have to choose your own product and will not benefit from advice from a qualified mortgage adviser.

LETTING YOUR PROPERTY.

If you want to let your property to tenants and do not have a Buy to let mortgage, you will have to ask our permission. Where we agree to you letting out your property for a set period we may make an annual charge for each year or part year that you have our consent.

You cannot usually let your property if you bought your home under the Help to Buy scheme.

How do I apply?

We'll ask you to complete our Consent to Lease application form. If we give you our permission, we'll tell you on what basis we'll allow you to let your property.

Are there any tenancies you will not allow?

Yes. We do not allow multiple tenancies. This means where each tenant signs a separate agreement or has separate facilities such as their own kitchen (or both).

The maximum number of tenants on one tenancy is five, and all tenants must be party to one agreement.

IF A MORTGAGE ACCOUNT HOLDER DIES.

Mortgages usually take a long time to repay and sometimes an account holder dies before this happens.

If the mortgage account is in more than one name and one of the account holders has died

When you contact us, we'll ask you to send us the death certificate of the account holder who has died. We'll then make suitable arrangements with you or the estate's personal representative to change the account.

If the mortgage account holder has died

If the account is held in only one name and that person has died, the estate's personal representatives should contact us. We'll ask to see the death certificate and a copy of the probate – in Scotland this is called the confirmation.

If the mortgage account is to be repaid during an early repayment charge period, we'll not make any early repayment charges.

IF YOU CAN'T MAKE YOUR MONTHLY PAYMENTS.

Sometimes circumstances change unexpectedly – perhaps you can't work for a while because you are ill, or you stop working at an earlier age than you had planned to, or you lose your job. If this happens, it may be difficult for you to meet all your financial commitments and you may need some help for a while. If you find yourself in this situation, you should contact us straight away so we can give you the help you need.

If your monthly payments are up to date but you are worried you may not be able to make some or all of your future payments, you should call us. We may be able to reduce your monthly payments for a while until you get back on your feet. When you call we can discuss the various options available to you. Remember, the sooner you contact us, the greater the chance we'll be able to find a way to help you.

What happens if I fall behind with my monthly payments?

If you miss your regular monthly payment and we haven't agreed that you can do so, we'll write to you. You may also have to pay an arrears charge.

If after reasonable requests you do not pay the amount due, we may also charge you the costs of recovering the money you owe us.

We'll always tell you when we intend to make these charges and how much they will be. There may also be extra legal costs because we have had to get a court order to take possession of your property. You will have to pay these and they can be high.

ONLINE BANKING.

There are 3 simple steps to register for Online Banking:-

1. Enter your personal details
2. Choose a username and password
3. Sign in to Online Banking.

To find out more, please visit **www.halifax.co.uk/aboutonline/register**

You can manage your mortgage account(s) online; some of the things you may be able to do are as follows:

- View details of your mortgage(s), including monthly payments & remaining term
- View details of any sub-accounts on your mortgage
- View your mortgage balance
- Make payments to your mortgage
- Manage (set up, amend or cancel) regular and lump-sum overpayments
- Request Consent to lease your property
- Request a copy of your annual or interim statement
- Request a certificate of interest.

ABOUT OUR SERVICES.

Types of mortgages we offer

If you applied for a loan through a Halifax branch, telephony or on-line channel the following information describes our services.

Halifax only offers a limited range of mortgages from Bank of Scotland plc and only offer first legal charge mortgages.

Alternative finance options

When you are looking to increase your borrowing, it may be possible or more appropriate to consider alternative finance options.

This might include a second charge mortgage or an unsecured loan. If you are re-mortgaging to us from another lender, you might also consider taking additional borrowing with them.

Financial Services Compensation Scheme (FSCS)

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Mortgage and equity release advising and arranging is covered up to a maximum limit of £50,000.

Further information about the compensation scheme arrangements is available from the FSCS.

IT'S EASY TO GET IN TOUCH.

Come in.

Call: 0345 727 3747

Click: halifax.co.uk

If you'd like this in Braille, large print, audio CD or another format please ask in branch.

If you have a hearing or speech impairment you can contact us using the Next Generation Text (NGT) Service or via Textphone on **0800 056 7294** (lines open seven days a week, 9am-5.30pm). If you're Deaf and a BSL user, you can use the SignVideo service available at **halifax.co.uk/accessibility/signvideo**

Our promise.

Our promise is to do our best to resolve any problem you have immediately. Where we can't, we'll ensure you know who is dealing with your complaint. To complain:

Visit a branch and speak to any member of the team. Call us on **0800 072 9779** or **0113 366 0167.** (Text phone **0800 389 1286** or **0113 366 0141,** if you have a hearing impairment). Write to us at **Halifax, PO Box 761, Leeds LS1 9JF**. Or visit **halifax.co.uk/contactus/how-to-complain**
If you're still not happy and we can't put things right to your satisfaction, you can ask the Financial Ombudsman Service to look at your complaint – provided you have tried to resolve the matter directly with us first. We hope you won't need to contact the Financial Ombudsman Service but if you do, we'll tell you how to do this.

All the information in this brochure was correct when it was printed (July 2017).

HALIFAX

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